



A-Mark Precious Metals Reports Fiscal First Quarter 2021 Results

November 10, 2020

A-Mark's Board of Directors Approves a Second Non-recurring Special Dividend of \$1.50 per Common Share

EL SEGUNDO, Calif., Nov. 10, 2020 (GLOBE NEWSWIRE) -- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a leading full-service provider of products and services to the global precious metals market, reported results for the fiscal first quarter ended September 30, 2020.

Fiscal First Quarter 2021 Financial Highlights

- Revenues for the three months ended September 30, 2020 increased 26% to \$1.87 billion from \$1.48 billion for the three months ended September 30, 2019 and increased 12% from \$1.67 billion for the three months ended June 30, 2020
- Gross profit for the three months ended September 30, 2020 increased 333% to \$36.1 million (1.94% of revenue) from \$8.3 million (0.56% of revenue) for the three months ended September 30, 2019 and increased 29% from \$28.0 million (1.68% of revenue) for the three months ended June 30, 2020
- Net income for the three months ended September 30, 2020 totaled \$23.1 million or \$3.09 per diluted share, as compared to net income of \$128,000 or \$0.02 per diluted share for the three months ended September 30, 2019 and net income of \$17.8 million or \$2.49 per diluted share for the three months ended June 30, 2020
- Gold ounces sold in the three months ended September 30, 2020 increased 25% to 721,000 ounces from 576,000 ounces for the three months ended September 30, 2019 and increased 8% from 669,000 ounces for the three months ended June 30, 2020
- Silver ounces sold in the three months ended September 30, 2020 increased 16% to 24.2 million ounces from 20.9 million ounces for the three months ended September 30, 2019 and decreased 18% from 29.6 million ounces for the three months ended June 30, 2020
- As of September 30, 2020, the number of secured loans decreased 68% to 1,125 from 3,571 as of September 30, 2019 and increased 57% from 717 as of June 30, 2020

Fiscal First Quarter 2021 Financial Results

Revenues increased 26% to \$1.87 billion from \$1.48 billion in the same year-ago quarter. The increase was primarily due to an increase in the total amount of gold and silver ounces sold and higher selling prices of gold and silver.

Gross profit increased 333% to \$36.1 million (1.94% of revenue) from \$8.3 million (0.56% of revenue) in the same year-ago quarter. The increase was due to higher gross profits from the Wholesale Trading & Ancillary Services and Direct Sales segments.

Selling, general and administrative expenses increased 21% to \$10.0 million from \$8.3 million in the same year-ago quarter. The increase was primarily due to increases in compensation expense (including performance-based accruals) of \$1.8 million and computer software expense of \$0.2 million, which were partially offset by decreases in operating expenses of \$0.2 million associated with the Direct Sales segment, and depreciation and amortization expense of \$0.1 million.

Interest income decreased 31% to \$4.0 million from \$5.8 million in the same year-ago quarter. The aggregate decrease in interest income was primarily due to lower interest income earned by our Secured Lending segment, partially offset by higher other finance product income.

Interest expense decreased 17% to \$4.3 million from \$5.1 million in the same year-ago quarter. The decrease in interest expense was primarily due to lower interest rates related to the company's Trading Credit Facility and lower loan servicing fees, partially offset by increases in interest expense related to liabilities on borrowed metals and product financing arrangements.

Net income totaled \$23.1 million or \$3.09 per diluted share, a significant improvement compared to net income of \$128,000 or \$0.02 per diluted share in the same year-ago quarter.

Management Commentary

"During the first quarter of 2021, we built on the significant operating and financial momentum we established last fiscal year to further capitalize on the unprecedented volatility in the precious metals market," said A-Mark CEO Greg Roberts. "Market volatility in Q1 coupled with heightened demand were instrumental in A-Mark realizing the most profitable quarter in our company's history. We generated strong sequential improvements in our key financial metrics, including a 29% increase in both gross profit and net income which resulted in a 20.2% return on equity. These results reflect the benefits of our business model, which is designed to generate consistent and diverse revenue streams in normal market conditions and outsized profitability during volatile market periods such as we have experienced since March.

"Our record financial performance continues to demonstrate the scalability of our platform which, combined with the complementary services we provide to our customers, has allowed us to capture significant value across the precious metals market and enabled us to more effectively take advantage of supply constrained and volatile market conditions. As I've mentioned previously, the strategic investments we've made over the last several years to expand capacity and operational capabilities have ideally positioned A-Mark to capitalize on the current market conditions while increasing our market share and driving growth over the long term.

"Looking ahead, the current economic uncertainties give us optimism for fiscal 2021 as we seek to capitalize on future opportunities. We continue to believe that our favorable competitive position, industry-leading platform, robust customer base, and proven business model will help drive growth and profitability in the years ahead."

Special Dividend

A-Mark's Board of Directors approved a second non-recurring special dividend of \$1.50 per common share. The special dividend will be paid on or about November 30, 2020 to stockholders of record as of November 23, 2020.

Conference Call

A-Mark will hold a conference call today (November 10, 2020) to discuss these financial results. The company's CEO Greg Roberts, President Thor Gjerdrum and CFO Kathleen Simpson-Taylor will host the call at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

To participate, please dial the appropriate number at least five minutes prior to the start time and ask for the A-Mark Precious Metals conference call.

U.S. dial-in number: 1-877-407-0789

International number: 1-201-689-8562

Conference ID: 13712757

The conference call will be broadcast simultaneously and available for replay via the Investor Relations section of A-Mark's website at www.amark.com. If you have any difficulty connecting with the conference call or webcast, please contact A-Mark's investor relations team at 1-949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time through November 24, 2020.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Conference ID: 13712757

About A-Mark Precious Metals

Founded in 1965, A-Mark Precious Metals, Inc. (NASDAQ: AMRK) is a leading full-service precious metals trading company and wholesaler of gold, silver, platinum and palladium bullion and related products. The company's global customer base includes sovereign and private mints, manufacturers and fabricators, refiners, dealers, financial institutions, industrial users, investors, collectors, and e-commerce and other retail customers. The company conducts its operations through three complementary segments: Wholesale Trading & Ancillary Services, Secured Lending, and Direct Sales.

A-Mark operates several business units in its Wholesale Trading & Ancillary Services segment, including Industrial, Coin and Bar, Trading and Finance, Storage, Logistics, and the Mint (as more fully described below). Its Industrial unit services manufacturers and fabricators of products utilizing precious metals, while its Coin and Bar unit deals in over 200 different products for distribution to dealers and other qualified purchasers. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has distributorships with other sovereign mints, including Australia, Austria, Canada, China, Mexico, South Africa and the United Kingdom. Through its Transcontinental Depository Services subsidiary, A-Mark provides customers with a variety of managed storage options for precious metals worldwide. Through its A-M Global Logistics subsidiary, A-Mark provides customers an array of complementary services, including receiving, handling, inventorying, processing, packaging and shipping of precious metals and custom coins on a secure basis. A-Mark also holds a majority stake in a joint venture that owns the minting operations known as SilverTowne Mint (Mint), which designs and produces minted silver products which provide greater product selection to customers, price stability within the supply chain as well as more secured access to silver during volatile market environments.

The company operates its Secured Lending segment through its wholly-owned subsidiaries, Collateral Finance Corporation ([CFC](#)) and AM Capital Funding, LLC (AMCF). Founded in 2005, CFC is a licensed finance lender that originates and acquires loans secured by bullion and numismatic coins. Its customers include coin and precious metal dealers, investors, and collectors. AMCF was formed in 2018 for the purpose of securitizing eligible secured loans of CFC.

A-Mark operates its Direct Sales segment primarily through its wholly-owned subsidiary [Goldline Inc. \(Goldline\)](#), a direct retailer of precious metals for the investor community. Goldline markets A-Mark's precious metal products through various channels, including radio, television, and the Internet.

A-Mark is headquartered in El Segundo, California, with offices and facilities in Los Angeles, California, Vienna, Austria, Las Vegas, Nevada, and Winchester, Indiana. For more information, visit www.amark.com.

Important Cautions Regarding Forward-Looking Statements

Statements in this press release that relate to future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results to differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ include the following: the failure to execute our growth strategy as planned; greater than anticipated costs incurred to execute this strategy; changes in the current international political climate which has favorably contributed to demand and volatility in the precious metals markets; increased competition for our higher margin services, which could depress pricing; the failure of our business model to respond to changes in the market environment as anticipated; general risks of doing business in the commodity markets; and other business, economic, financial and governmental risks as described in the company's public filings with the Securities and Exchange Commission.

The words "should," "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. Additionally, any statements related to future improved performance and estimates of revenues and earnings per share are forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

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A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except for share data) (unaudited)

	September 30, 2020	June 30, 2020
ASSETS		
Current assets:		
Cash	\$ 24,370	\$ 52,325
Receivables, net	75,668	49,142
Derivative assets	113,600	46,325
Secured loans receivable	84,223	63,710
Precious metals held under financing arrangements	158,756	178,577
Inventories:		
Inventories	311,582	246,603
Restricted inventories	101,599	74,678
	413,181	321,281
Prepaid expenses and other assets	3,128	2,659
Total current assets	872,926	714,019
Operating lease right of use assets	3,935	4,223
Property, plant, and equipment, net	5,799	5,675
Goodwill	8,881	8,881
Intangibles, net	4,820	4,974
Long-term investments	20,889	16,763
Other long-term assets	3,500	3,500
Total assets	\$ 920,750	\$ 758,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 214,000	\$ 135,000
Liabilities on borrowed metals	153,752	168,206
Product financing arrangements	101,599	74,678
Accounts payable and other current liabilities	210,922	140,930
Derivative liabilities	13,497	25,414
Accrued liabilities	9,222	10,397
Income tax payable	2,906	2,135
Total current liabilities	705,898	556,760
Notes payable	92,692	92,517
Deferred tax liabilities	62	62
Other liabilities	3,457	3,802
Total liabilities	802,109	653,141
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of September 30, 2020 and June 30, 2020	—	—
Common stock, par value \$0.01; 40,000,000 shares authorized; 7,066,529 and 7,031,500 shares issued and outstanding as of September 30, 2020 and June 30, 2020, respectively	71	71
Additional paid-in capital	27,883	27,289
Retained earnings	86,174	73,644
Total A-Mark Precious Metals, Inc. stockholders' equity	114,128	101,004
Non-controlling interests	4,513	3,890
Total stockholders' equity	118,641	104,894
Total liabilities, non-controlling interests and stockholders' equity	\$ 920,750	\$ 758,035

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except for share and per share data) (unaudited)

	Three Months Ended	
	September 30,	September 30,
	2020	2019
Revenues	\$ 1,866,116	\$ 1,481,014
Cost of sales	1,829,971	1,472,674
Gross profit	36,145	8,340
Selling, general, and administrative expenses	(10,006)	(8,270)
Interest income	3,983	5,768
Interest expense	(4,293)	(5,142)
Other income (expense), net	4,485	(166)
Unrealized losses on foreign exchange	(97)	(122)
Net income before provision for income taxes	30,217	408
Income tax expense	(6,511)	(105)
Net income	23,706	303
Net income attributable to non-controlling interests	623	175
Net income attributable to the Company	\$ 23,083	\$ 128
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:		
Basic	\$ 3.28	\$ 0.02
Diluted	\$ 3.09	\$ 0.02
Weighted average shares outstanding:		
Basic	7,034,700	7,031,400
Diluted	7,475,000	7,091,000

A-MARK PRECIOUS METALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands) (unaudited)

Three Months Ended September 30,	2020	2019
Cash flows from operating activities:		
Net income	\$ 23,706	\$ 303
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization	501	668
Amortization of loan cost	396	353
Deferred income taxes	—	92
Interest added to principal of secured loans	(4)	(5)
Share-based compensation	178	166
Earnings from equity method investments	(4,126)	(11)
<i>Changes in assets and liabilities:</i>		
Receivables	(26,526)	3,252
Secured loans receivable	(358)	1,543
Secured loans made to affiliates	4,642	5,154
Derivative assets	(67,275)	(17,118)
Income tax receivable	—	(27)
Precious metals held under financing arrangements	19,821	7,983
Inventories	(91,900)	(79,337)
Prepaid expenses and other assets	(292)	(17)
Accounts payable and other current liabilities	69,992	23,225
Derivative liabilities	(11,917)	(3,281)
Liabilities on borrowed metals	(14,454)	(4,406)
Accrued liabilities	(1,227)	(1,016)
Income tax payable	771	—
Net cash used in operating activities	(98,072)	(62,479)
Cash flows from investing activities:		
Capital expenditures for property, plant, and equipment	(476)	(137)
Secured loans receivable, net	(24,793)	(31,868)
Other loans originated	—	(3,000)

Net cash used in investing activities	(25,269)	(35,005)
Cash flows from financing activities:				
Product financing arrangements, net	26,921		64,625	
Dividends paid	(10,553)	—	
Borrowings and repayments under lines of credit, net	79,000		37,000	
Debt funding issuance costs	(398)	—	
Net settlement on issuance of common shares on exercise of options	416		—	
Net cash provided by financing activities	95,386		101,625	
Net (decrease) increase in cash, cash equivalents, and restricted cash	(27,955)	4,141	
Cash, cash equivalents, and restricted cash, beginning of period	52,325		8,320	
Cash, cash equivalents, and restricted cash, end of period	\$24,370		\$12,461	

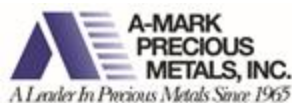
Overview of Results of Operations for the Three Months Ended September 30, 2020 and 2019

Condensed Consolidated Results of Operations

The operating results of our business for the three months ended September 30, 2020 and 2019 are as follows:

in thousands, except per share data

Three Months Ended September 30,	2020		2019		\$	%	Increase/ (decrease)	%
	\$	% of revenue	\$	% of revenue				
Revenues	\$ 1,866,116	100.000 %	\$ 1,481,014	100.000 %	\$ 385,102		26.0	%
Gross profit	36,145	1.937 %	8,340	0.563 %	\$ 27,805		333.4	%
Selling, general, and administrative expenses	(10,006)	(0.536)%	(8,270)	(0.558)%	\$ 1,736		21.0	%
Interest income	3,983	0.213 %	5,768	0.389 %	\$ (1,785)		(30.9)%
Interest expense	(4,293)	(0.230)%	(5,142)	(0.347)%	\$ (849)		(16.5)%
Other income (expense), net	4,485	0.240 %	(166)	(0.011)%	\$ 4,651		2,801.8	%
Unrealized losses on foreign exchange	(97)	(0.005)%	(122)	(0.008)%	\$ (25)		(20.5)%
Net income before provision for income taxes	30,217	1.619 %	408	0.028 %	\$ 29,809		7,306.1	%
Income tax expense	(6,511)	(0.349)%	(105)	(0.007)%	\$ 6,406		6,101.0	%
Net income	23,706	1.270 %	303	0.020 %	\$ 23,403		7,723.8	%
Net income attributable to non-controlling interests	623	0.033 %	175	0.012 %	\$ 448		256.0	%
Net income attributable to the Company	\$23,083	1.237 %	\$ 128	0.009 %	\$ 22,955		17,933.6	%
Basic and diluted net income per share attributable to A-Mark Precious Metals, Inc.:								
Per Share Data:								
Basic	\$ 3.28		\$ 0.02		\$ 3.26		16,300.0	%
Diluted	\$ 3.09		\$ 0.02		\$ 3.07		15,350.0	%



Source: A-Mark Precious Metals